

## 1997 SMALL BUSINESS PROFILE

### SMALL BUSINESS: BACKBONE OF THE ILLINOIS ECONOMY

The importance of small business to the state of Illinois is evident in the 1997 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy. Not only do small businesses play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

**Number of Businesses** - In 1996, Illinois had 266,358 businesses with employees; 98.4 percent of the businesses were small businesses (percent based on 1994 data for independent businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 332,000 self-employed persons in 1996, for an estimated total of 598,358 businesses.

**Small Business Income** - The income of sole proprietors and partners rose 5.4 percent to \$21.1 billion in 1996, while wage-and-salary income rose 5.2 percent. Total personal income rose 5.2 percent to \$204.0 billion. The state also exported \$32.2 billion of goods in 1996.

**Minority Businesses** - According to The National Foundation for Women Business Owners, as of 1996, there were 336,700 women-owned businesses in Illinois, including part-time firms, employing 948,700 people and generating \$119.6 billion in sales. Between 1987-1996, the number of women-owned businesses, increased 74.8 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 49.6 percent from 1987 to 1992, totaling 28,433 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 90.6 percent during the same time period with 18,368 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 14,872 in 1987, to 21,743 in 1992, representing a 46.2 percent increase.

**Business Turnover** - The number of new firms decreased 7.7 percent, while new business incorporations increased 5.0 percent in 1996. Financial difficulties leading to business bankruptcies increased by 11.2 percent and business failures increased by 50.8 percent during 1996.

**Finance** - An SBA Office of Advocacy study found that the number of banks in Illinois decreased from 938 in 1994 to 850 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

Bank Name	Location
FIRST NB OF WHEATON	Wheaton
PEOPLES ST BK MANSFIELD	Mansfield
FIRST NB OF ANTIOCH	Antioch
FIRST T&SB TAYLORVILLE	Taylorville
MERCANTILE T&SB	Quincy
FIRST MID-IL B&T NA	Mattoon
PALMER-AMERICAN NB DANVILLE	Danville
BANK OF EDWARDSVILLE	Edwardsville
SECURITY B&TC	Mount Carmel
BANK OF ALTON	Alton
MID CITY NB OF CHICAGO	Chicago
AMCORE BK NA	Rockford
HARRIS T&SB	Chicago
FIRST NB OF CHICAGO	Chicago
NORTHERN TC	Chicago
LASALLE NB	Chicago

**Job Growth** - Small businesses created all of the net new jobs from 1992 to 1996. Very small businesses (less than 20 employees) represented 73.0 percent of the small business growth with 326,048 new jobs. These numbers clearly reflect the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	247,257	78,791	48,237	72,430	(75,483)	371,231
Manufacturing	5,973	9,792	6,363	15,919	(45,837)	(7,791)
Retail Trade	32,666	4,594	3,781	3,340	(22,353)	22,029
Services	152,056	38,792	33,838	43,676	(18,206)	250,155
Other	56,563	25,613	4,254	9,494	10,913	106,838

**Industries** - The composition of small business in Illinois is very diverse. The Eating & Drinking Places industry is the largest small business employer in Illinois, followed by Health Services. The fastest growing industry for small business is Security & Commodity Brokers, Dealers, Exchanges, & Services (represents industries that were at least 0.25% of the 1994 total).

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1994, the latest year available.

Table 1, Top Five Industries in Illinois by Employment, 1994

Industry	SIC	Employment Total	Percent of Total	Percent Small
Total - All Industries	--	4,801,759	100.0	50.9
Health Services	8000	496,634	10.3	40.1
Business Services	7300	355,348	7.4	48.3
Eating & Drinking Places	5800	321,732	6.7	66.8
Wholesale Trade - Durable Goods	5000	220,697	4.6	64.3
Industrial & Commercial Machinery & Computer Equipment	3500	146,905	3.1	45.7

Table 2, Top Five Small Business Industries in Illinois by Employment, 1994

Industry	SIC	Employment in firms with 0 - 499 employees	Percent of Total	Percent Small
Total - All Industries	--	2,442,708	100.0	50.9
Eating & Drinking Places	5800	214,799	6.7	66.8
Health Services	8000	199,047	10.3	40.1
Business Services	7300	171,537	7.4	48.3
Wholesale Trade - Durable Goods	5000	141,890	4.6	64.3
Special Trade Contractors	1700	122,815	2.8	91.1

Table 3, Fastest Growing Industries for Small Business in Illinois, 1993 - 1994

Industry	1993	1994	Amount Change	Percent Change
Total - All Industries	2,426,883	2,442,708	15,825	0.7
Security & Commodity Brokers, Dealers, Exchanges, & Services	11,600	13,339	1,739	15.0
Nondepository Credit Institutions	7,724	8,526	802	10.4
Transportation Services	16,862	18,489	1,627	9.6
Furniture & Fixtures	8,752	9,484	732	8.4
Miscellaneous Manufacturing Industries	15,071	16,223	1,152	7.6

**Sources:** Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation of Women Business Owners, and Cognetics Inc.